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SCREENING PARTNERSHIP PROGRAM CONTRACTING APPROACH

PURPOSE

To provide current information on the contracting plan for the Screening Partnership Program.

INTRODUCTION

These guidelines provide information on the Screening Partnership Program which will implement §44920 of the Aviation and Transportation Security Act (ATSA) P.L. 107-71 to parties interested in performing security screening services at United States airports. It is TSA's intention to select qualified vendors by region who can compete for airport specific task orders. **The notification contained herein is purely for informational purposes and is not intended for parties to generate a response.**

BACKGROUND

The Aviation and Transportation Security Act (ATSA) P.L. 107-71 required the TSA to assume responsibility for passenger and baggage security screening operations at the nation's airports by November 19, 2002. 49 U.S.C. § 44920 (ATSA §108) provides, in part, that TSA shall allow an airport operator to submit an application to have screening carried out by the screening personnel of a qualified private screening company:

‘Sec. 44920. Private Security Screening Program (“Opt Out”)

“(a) IN GENERAL- On or after the last day of the 2-year period beginning on the date on which the Under Secretary transmits to Congress the certification required by section 110(c) of the Aviation and Transportation Security Act, an operator of an airport may submit to the Under Secretary an application to have the screening of passengers and property at the airport under section 44901 to be carried out by the screening personnel of a qualified private screening company under a contract entered into with the Under Secretary.

“(b) APPROVAL OF APPLICATIONS- The Under Secretary may approve any application submitted under subsection (a).

“(c) QUALIFIED PRIVATE SCREENING COMPANY- A private screening company is qualified to provide screening services at an airport under this section if the company will only employ individuals to provide such services who meet all the requirements of this chapter applicable to Federal Government personnel who

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perform screening services at airports under this chapter and will provide compensation and other benefits to such individuals that are not less than the level of compensation and other benefits provided to such Federal Government personnel in accordance with this chapter.

`(d) STANDARDS FOR PRIVATE SCREENING COMPANIES- The Under Secretary may enter into a contract with a private screening company to provide screening at an airport under this section only if the Under Secretary determines and certifies to Congress that--

`(1) the level of screening services and protection provided at the airport under the contract will be equal to or greater than the level that would be provided at the airport by Federal Government personnel under this chapter; and

`(2) the private screening company is owned and controlled by a citizen of the United States, to the extent that the Under Secretary determines that there are private screening companies owned and controlled by such citizens.

`(e) SUPERVISION OF SCREENED PERSONNEL- The Under Secretary shall provide Federal Government supervisors to oversee all screening at each airport at which screening services are provided under this section and provide Federal Government law enforcement officers at the airport pursuant to this chapter.

`(f) TERMINATION OF CONTRACTS- The Under Secretary may terminate any contract entered into with a private screening company to provide screening services at an airport under this section if the Under Secretary finds that the company has failed repeatedly to comply with any standard, regulation, directive, order, law, or contract applicable to the hiring or training of personnel to provide such services or to the provision of screening at the airport.'

TSA has established the Screening Partnership Program (SPP). The SPP will leverage the flexibility and efficiency of the private sector with the appropriate federal government oversight. The SPP will help TSA identify effective offerors that increase security effectiveness, maximize cost savings to the taxpayer, and improve customer and stakeholder satisfaction. TSA plans to accept applications from airport operators seeking to have passenger and baggage screening performed by private contractors beginning

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November 19, 2004.

APPROACH

Due to the potential number of airports and private contractors that may be interested in participating in the SPP, and the sensitive nature of the scope of work to be completed, TSA will follow a down-select acquisition approach which is depicted as follows:

Develop Qualified Offeror List (QOL) (Phase I)



Select Offerors determined qualified for Qualified Vendor List (QVL) (Phase II)



Issue BOAs to QVL by Region (Phase II)



Issue Airport Task Orders Based on Best Value (Phase III)

The first phase is to establish two Qualified Offeror Lists (QOL's). One QOL for small businesses and one QOL for large businesses. The QOL's will pre-qualify offerors seeking to compete for SPP contracts through mandatory GO/NO GO technical and financial requirements. Offerors must pass statutory requirements and TSA requirements to be a qualified private screening company. The establishment of the QOL's will streamline the acquisition process and allow for TSA to maintain greater control of the contract competition.

After establishing the QOL, TSA plans to implement the second phase by issuing a Request for Proposals (RFP) to those companies on the QOL. The result of the RFP will be to award a Basic Ordering Agreements (BOA) to those offerors evaluated to present the required technical and cost capabilities. A BOA is an agreement among parties (not a contract) with no minimum or maximum guarantee. The RFP will include the objectives of the SPP, key selection steps and dates, and information on the criteria and evaluation of the RFP responses. The QVL will establish the qualified offerors by geographical region who can compete for airport specific task orders. The geographical region will be divided based upon the same regional lines as the TSA Area Directors. However, Offerors and airport applicants will determine which or all of the geographical areas they would like to be considered for in the QOL/QVL process. TSA plans to issue task orders for screening services at a particular airport based upon the area in which the airport exists. Therefore, those offerors and airports on the area QVL for the area in which the airport exists and received a BOA may receive the task order RFP for that airport.

The third phase includes those Offerors on the QVL who have been awarded BOAs. These qualified vendors may compete for airport specific task orders on a best value basis. A BOA is an agreement among parties (not a contract) with no minimum or maximum guarantee. As such, TSA will issue airport specific Task Orders (TOs)

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containing specific contract requirements, terms and conditions, tailored to meet the needs of specific airports.

All airports applying to the QOL and competing as private screening companies to provide screening services will be treated analogously to other offerors throughout the acquisition process.

TSA reserves the right, however, to proceed directly to a competitive procurement among qualified offerors if a QVL becomes unnecessary because of limited competition at small airports. In this case, the successful offeror shall satisfy, at a minimum, the requirements of being on the QOL and QVL.

PHASE I:

METHODOLOGY FOR ESTABLISHING THE QOL AND EVALUATION CRITERIA FOR CAPABILITY STATEMENTS TO ESTABLISH THE QOL

The capability statement criteria established for the QOL will be broad enough so that it does not restrain TSA in the continued development of the program, but it will be used to down select to those offerors who are qualified and have a reasonable chance to receive a BOA and compete for Task Orders. After the QOL is established, there will be no other procurement opportunities available or published in www.fedbizopps.gov for other contractors to participate in the SPP until the next annual open airport application period.

As part of the first phase, interested parties will submit a capabilities statement in response to a combined synopsis/solicitation notice that will be published in www.fedbizopps.gov. The capability statement will be broken down into the following sections: 1) ATSA requirements; and 2) TSA requirements. It is the responsibility of the offeror to ensure that the information to be evaluated is included in the proper section heading. The Government will not try to extrapolate information from other areas of the capability statement to make a complete evaluation of each identified section heading.

Offerors will be down-selected accordingly based on the information provided in the capability statements and must be rated acceptable in all evaluation areas in the capability statement to participate in follow on competitions. The Government may evaluate capability statements and limit the follow-on competition without conducting communications with all offerors. Therefore, the offeror's initial capability statement should contain the offeror's best statement of qualifications. The Government reserves the right to conduct communications with any offeror if the Contracting Officer later determines discussions to be necessary.

The QOL will be created based on evaluation of information submitted in capability statements from interested offerors. Offerors applying to the QOL must submit a Statement of Capability demonstrating that they meet the required Go/No Go criteria and

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financial capability. The evaluation of an applicant to the QOL will consist of evaluating in two steps in two areas:

1. ASTA Requirements
2. TSA Requirements

The ATSA and TSA requirements will be evaluated on a **pass/fail or go/no go** basis. Offerors who **DO NOT** meet the mandatory statutory requirements of ATSA and TSA requirements identified as go/no go criteria **WILL NOT** be evaluated further on financial capability criteria. Only those qualified screening companies that meet the mandatory statutory requirements and TSA requirements for the QOL will be determined to have a reasonable chance to be awarded a BOA and be competitively awarded a task order.

Go/No Go Requirements

All offerors applying to the QOL will be required to provide the following information which will be used in determining a go/no go decision:

A. ATSA Requirements*

- Must be a Qualified Private Screening Company
- Must Provide Compensation and Benefits not less than the level of compensation and benefits provided to federal government personnel

B. TSA Requirements

- Hiring Preference for Displaced Federal Employees
- Financial Capability

*The ATSA requirement for Level of Screening Services will be addressed at the Airport Task Order phase of the acquisition

ATSA Requirements

(1) Private Screening Companies: Provide proof that offeror is a private screening company and that it is owned **and** controlled by a citizen of the United States: Applicants (offerors and airports) and any of their subcontractors who are to engage in screening activities must meet the requirements for private screening companies and their employees as stated **Sec. 44920. Private Security Screening Program (“Opt Out”)** subsections (c)(d) and (d)(2) described in the Background section of this plan.

Part A, Subtitle VII of 49 U.S.C. defines “citizen of the United States” in §40102 (a)(15) which states:

GENERAL DEFINITIONS.—In this part— . . .

(15) “citizen of the United States” means

(A) an individual who is a citizen of the United States;

(B) a partnership each of whose partners is an individual who is a citizen of the United States; or

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(C) a corporation or association organized under the laws of the United States or a State, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, and in which at least 75 percent of the voting interest is owned or controlled by persons that are citizens of the United States.

(2) Compensation and Benefits: Applicants and any of their subcontractors who are to engage in screening activities must demonstrate that they provide compensation and other benefits to such individuals that are not less than the level of compensation and other benefits provided to such Federal Government personnel as set out in 49 U.S.C. § 44920 (ATSA §108) subsection (d) (1). TSA will provide the federal screener fringe benefit percentage to the offeror as guidance for the offeror's direct labor and fringe percentage. TSA will use the proposed fringe percentages to determine if a vendor is in compliance with the ATSA requirements regarding compensation and benefits. Only allowable costs will be considered in calculating compensation and benefits.

TSA Requirements

(1) Hiring Preference for Displaced Government Employees: All offerors must complete and sign an agreement that they fully understand that displaced Federal Government employees will be given hiring preference.

(2) Financial Capability:

Offerors will be requested to demonstrate the financial capability of the entity. If the offeror receives a "GO" in the ATSA requirements (qualification of the screening company, compensation and benefits), then the offeror's financial statements will be utilized to compute the bankruptcy prediction model entitled "The Altman Z-Score." If this score cannot be computed, then Generally Accepted Accounting financial ratios and associated trends will be utilized.

Offerors shall demonstrate the financial capability of the entity based on historical and forecasted by supplying financial data.

QOL Maintenance and Periodic Review Process

As the SPP evolves, the QOL will be reviewed regularly to determine whether an update is needed.

Offerors will be required to maintain compliance with the statutory requirements at all times. (e.g., Proof that the screening company is qualified and owned and controlled by a citizen of the United States.). Offerors selected to perform security screening services will also be required to provide services in accordance with statutory requirements that the screening services performed must be equal to or better than that provided by the federal screening operations. Failure to meet these requirements will result in removal from the QOL and may result in termination of BOAs and task orders. Offerors listed on the QOL will be pre-qualified for a period of up to 5 years unless they are disqualified because they do not meet statutory and TSA requirements.

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PHASE II:

EVALUATION CRITERIA FOR BASIC ORDERING AGREEMENTS (BOAs)

In the second phase, Qualified offerors on the QOL will receive a RFP and be invited to submit a proposal to be awarded a BOA. Multiple awards for the BOA may be made to the responsive, responsible Offerors whose proposals are determined to best meet the needs of the Government after considerations of all factors – i.e. provides the “best value.” “Best value” is defined as the procurement process that results in the most advantageous acquisition decision for the Government and is performed through an integrated assessment and trade-off analysis among cost or price and non-cost or price factors.

Proposals that do not conform to all requirements in the RFP may be rejected without further evaluation, deliberation, or discussion. The Government may reject any proposal that is evaluated to be significantly noncompliant with the solicitation requirements, unrealistically high or low in price, or reflects a failure to comprehend the complexity and risks of the work to be performed. The Government may award any resulting BOA to other than the lowest priced Offeror, or other than the Offeror with the highest non-cost rating. The Government intends to evaluate submittals and award one or more BOAs on initial submittals, but reserves the right to enter into discussions. A submittal in response to this solicitation should contain the Offeror’s best terms from a price and technical standpoint.

BOA Evaluation Factors

Proposals will be evaluated on the following four factors:

- (1) Business Management
- (2) Technical Merit
- (3) Past Performance
- (4) Cost

In the evaluation process, Business Management is slightly more important than Technical Merit, which is more important, than Corporate Experience/ Past Performance. Together Business Management and Technical Merit are more important than corporate experience/past performance. Cumulatively, the non cost/price factors are more important than Cost but cost will become increasingly important as proposal evaluation rating for non price factors become equal. As part of the technical evaluation, overall risk will also be considered in the evaluation rating.

TSA has used lessons learned from the on-going private screening pilot program (known as PP5) as a foundation for the development of the SPP. TSA has gathered information on the successes and challenges this program has faced through independent contractor evaluation of the program, feedback from PP5 Contracting Officer’s Technical Representatives (COTRs), and industry Request for Information (RFI) responses. The analysis of this information has framed the key values that the private sector brings to this

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program, such as staffing and scheduling abilities. Similarly, the analysis of this information has de-emphasized the importance of the contractor's technical knowledge of security. Due to the FSD oversight structure and the required compliance with the TSA SOP, there is little opportunity for a difference between federal and private delivery of security. Therefore, technical management expertise is weighted slightly less than Business Management.

Below is a description of each of the four factors. Within each criterion are sub factors to be considered during the evaluation. The sub factors within each factor are equal. At this point in time, the purpose of the factors is to serve as examples of and provide direction on the scope of work for the offerors responding to the RFP. TSA reserves the right to change any factor or subfactor and the relative importance in accordance with its acquisition rules.

1. Business Management

In this area, offerors will be requested to demonstrate capabilities in the skills required to manage a workforce of a size comparable to the magnitude of the contract for which the vendor intends to compete. Management will include recruitment, assessment, staffing, initial screener training, human resource administration, workforce transition, and quality control. Since the airport screening services contracts will require offerors to perform predominantly managed services tasks, this criterion has been weighted the most heavily out of the four. The following table provides examples of strengths related to the scope of screening services in each of the management expertise sub factors.

Business Management consists of the following subfactors:

A. **Human Resource Management** involves the ability to define the infrastructure created to implement good Human Resource policies and practices to support services to employees. It includes the following:

1. Time and Attendance Tracking
2. Benefits Administration
3. Employee Retention
4. Employee Evaluation

B. **Staffing** involves the ability to define efficient resources to provide management oversight to ensure proper contract performance requirements are met. It includes the offeror's methodology for:

1. Staffing
2. Hiring
3. Scheduling

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- C. **Workforce Transition** involves the ability to provide sufficient plans and strategies to ensure workforce transition issues are appropriately addressed. It includes:
 - 1. Workforce Transition Plan
 - 2. Contingency Plan
 - 3. Communication Strategy
 - 4. Priority Employment of displaced Federal workers

- D. **Training** which involves the ability to train a screening workforce so that Offerors furnish screening services at least equal to services provided by the federalized screeners. Training includes:
 - 1. Development
 - 2. Delivery
 - 3. Evaluation

- E. **Quality Control** involves the ability to provide sufficient Quality control checks and adequate plan to ensure contract compliance. It includes:
 - 1. Quality Assurance Plan
 - 2. Performance Metrics
 - 3. Risk Management

2. Technical Merit

In this area, offerors will be requested to demonstrate capabilities in the technical skills required to perform to the scope of the screening services contract. Technical expertise must be demonstrated in the following areas listed below. It is important to note that security experience and expertise in aviation, while preferred, is not required to compete for screening services contracts. Technical Merit consists of the following sub factors:

- A. **Security** involves the Offeror's methodology to provide Security Enforcement Measures. It includes:
 - 1. Implementation and Innovation
 - 2. Metrics for Determining Security Effectiveness

- B. **Customer service**
 - 1. Managing Stakeholder Expectations

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2. Maintaining Screener Satisfaction
3. Strategy for Collecting Customer Feedback and Establishing Metrics for Tracking Customer Service

C. Supply / Subcontractor Management

1. Inventory Management
2. Vendor Selection / Subcontractor Management

3. Corporate Experience/Past Performance

In this area, offerors will be requested to demonstrate experience gained from past performance. Past performance relevant to contract experience, representations and certifications earned, auditing and oversight will be evaluated. It is also important to note for this section of the proposal that aviation security experience and expertise, while preferred, is not required to compete for screening services contracts.

All qualified offerors must provide three past performance references. Projects and experiences relevant to the size, scope, and complexity of work required under the SPP will be encouraged. These references will be investigated to evaluate the contractor's actual performance on similar efforts and validate expected performance.

Critical past performance scoring factors will be related to business management success; hiring, training, managing and scheduling a workforce; corporate experience in screening; customer satisfaction; employee satisfaction; and a demonstrated ability to capture and report performance metrics.

4. Cost

After technical evaluation of the qualified offerors, TSA will evaluate cost prior to awarding any BOA. The Government may use cost/price analysis to evaluate the cost estimates or prices, not only to determine whether or not they are reasonable, but also to determine understanding of the work and ability to perform. While the exact nature of the cost evaluation may be defined later, the government intends to evaluate cost in order to verify that the contractor's cost is not unreasonable for a BOA award.

- A. Comparison of the contractor's loaded labor rate with the comparable Government Estimate in order to determine Price Reasonableness;
- B. Verification of the offeror's evidence of accounting and purchasing system compliance or the ability to obtain compliance.

As necessary, pre-award surveys may be requested prior to award of any BOA.

Small Business Participation

The Department of Homeland Security and TSA have made a commitment to provide

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maximum practicable opportunities in our acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUB Zone small business, small disadvantaged business and women-owned small business concerns. It is further our policy to provide these concerns the maximum practicable opportunity to participate as subcontractors in contracts awarded by TSA, consistent with efficient contract performance. Depending on the size of the airport being considered, TSA will identify the preferred small business contracting strategy and will determine the appropriate evaluation factors.

Small Business Plan

A small business plan has been developed for the SPP. As part of Phase II of the acquisition process, TSA plans to evaluate the small business QOL separately from the large business QOL utilizing the same evaluation criteria. It is anticipated that a minimum of two BOAs would be awarded to small businesses for each region when two or more small businesses qualify.

As part of the small business BOA evaluation, additional consideration will be given to 8(a)/SDB firms, HUBZONE firms and Service-Disabled Veteran-Owned small business firms. It should be noted that if an airport authority incorporates and is included on the QVL, the incorporated entity must be given an opportunity to compete for every task order for which they are qualified, regardless of whether or not the individual task order acquisition strategy is a small business set-aside.

During Phase III of the procurement, if a small business wins a task order that is not set-aside for small businesses on the QVL, the acquisition strategy will be re-evaluated at the time of re-compete to consider a small business set-aside for the re-competed effort.

All Purchase Requests (PR's) that are initiated for task order competition will be coordinated with the Small and Disadvantaged Business Utilization Program Manager for review.

PHASE III:

Task Order Competition

As part of the third phase, competitive task orders will be awarded for those airports approved for participation in SPP. Task Order proposals will be evaluated based on a "Best Value" approach tied to specific airport criteria. During this phase, there may be possible small business set-asides.

During this phase of the procurement, the ATSA requirement of *Level of Screening Services* will be evaluated. All offerors must demonstrate that they can provide the level of screening services and protection provided at the airport which will be equal to or greater than the level that would be provided at the airport by Federal Government personnel as set forth in ATSA, 49 U.S.C. § 44920 (ATSA §108).

The Government may use cost/price analysis to evaluate the cost estimates/ prices, not only to determine whether or not they are reasonable, but also to determine understanding

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of the work and ability to perform. While the exact nature of the cost evaluation may be defined later, the government intends to evaluate cost/price on the following:

(a)Price Realism –Compatibility of the cost, scope of work and technical approach; traceability of the estimates; assessment of the level of confidence and reliability in estimating methodologies employed and whether it produces realistic proposed costs based upon the Government’s requirements and the proposed performance.

(b)Price Reasonableness—Acceptability of the prices and a review of the rationale and supporting data for proposed costs.

Tentative Timelines for SPP Program Acquisition Approach

- Airport application window beginning: November 19, 2004
- Private screener company pre-qualification for Qualified Offeror List: November 2004-January 2005
- RFP issued to Qualified Offeror List: February 2005
- Evaluate and select Qualified Vendors: March 2005-April 2005
- Award BOAs to Qualified Vendors: May 2005
- Transition to private screening workforce begins by issuance of task orders: Beginning May 2005